

An organizations composed of businessmen may qualify for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954 where its activities are limited to holding luncheon meetings devoted to a discussion, review, and consideration of the various problems in a particular industry directed to the improvement of business conditions as a whole.

Advice has been requested whether on organization may qualify for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954 under the circumstances described below.

The organization's purpose is to promote a better spirit of cooperation in the industry from which its membership is drawn. Its activities are limited to periodic luncheon and dinner meetings at which the members discuss, review, and consider the various problems relating to the industry. The meetings are directed to improving the conditions of the industry through discussion and review of industry problems.

Section 501(c)(6) of the Code provides exemption for business leagues not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having a common business interest. The activities of the association must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

The objective of the organization is to improve the business conditions in the industry as a whole. Notwithstanding the social atmosphere in which the meetings are held, the luncheons and dinners serve merely to bring members together to carry out the organization's objective.

Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(6) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(6) of the Code, file an application on Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.